

# HOUSE BILL 918

Q7

11r2259

---

By: **Delegate McMillan**

Introduced and read first time: February 11, 2011

Assigned to: Ways and Means

---

## A BILL ENTITLED

1 AN ACT concerning

### 2 **Repeal of Tax Credit for Purchase of Maryland–Mined Coal**

3 FOR the purpose of repealing certain credits allowed against certain taxes for the  
4 purchase of Maryland–mined coal; providing for the application of this Act; and  
5 generally relating to the repeal of certain credits allowed against certain taxes  
6 for the purchase of Maryland–mined coal.

7 BY repealing

8 Article – Tax – General  
9 Section 8–406(b) and 10–704.1  
10 Annotated Code of Maryland  
11 (2010 Replacement Volume)

12 BY repealing and reenacting, without amendments,

13 Article – Tax – General  
14 Section 8–408  
15 Annotated Code of Maryland  
16 (2010 Replacement Volume)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
18 MARYLAND, That the Laws of Maryland read as follows:

### 19 **Article – Tax – General**

20 8–406.

21 [(b) (1) (i) Subject to the limitations of this subsection, a public service  
22 company, including any multijurisdictional public service company, may claim a credit  
23 against the public service company franchise tax in the amount of \$3 for each ton of  
24 Maryland–mined coal that the public service company purchased in the calendar year.

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (ii) The credit under this subsection may not be claimed for  
2 Maryland–mined coal purchased in a calendar year beginning after December 31,  
3 2020.

4 (2) (i) This paragraph applies only to credits claimed under this  
5 subsection for calendar years beginning on or after January 1, 2007.

6 (ii) The amount claimed as a credit under this subsection may  
7 not exceed the amount approved by the Department under this paragraph.

8 (iii) By January 15 of the calendar year following the end of the  
9 calendar year in which the Maryland–mined coal was purchased, a public service  
10 company, or a cogenerator or electricity supplier as defined in § 10–704.1 of this  
11 article, shall submit an application to the Department for approval of the credit  
12 allowed under this paragraph.

13 (iv) Subject to subparagraph (vi) of this paragraph, the total  
14 amount of credits approved by the Department under this paragraph for any calendar  
15 year may not exceed:

16 1. \$4,500,000 for a calendar year beginning after  
17 December 31, 2008, but before January 1, 2013;

18 2. \$6,000,000 for a calendar year beginning after  
19 December 31, 2012, but before January 1, 2015; or

20 3. \$3,000,000 for a calendar year beginning after  
21 December 31, 2014, but before January 1, 2021.

22 (v) Subject to subparagraph (vi) of this paragraph, if the total  
23 amount of credits applied for in any calendar year under this paragraph exceeds the  
24 maximum specified under subparagraph (iv) of this paragraph, the Department shall  
25 approve a credit under this paragraph for each applicant in an amount equal to the  
26 product of multiplying the credit applied for by the applicant times a fraction:

27 1. the numerator of which is the maximum specified  
28 under subparagraph (iv) of this paragraph; and

29 2. the denominator of which is the total of all credits  
30 applied for by all applicants under this paragraph for the calendar year.

31 (vi) 1. Of the total credits approved for any calendar year  
32 beginning after December 31, 2006, but before January 1, 2021, the Department shall  
33 reserve \$2,250,000 of the credits for purchases of Maryland–mined coal that will be  
34 used by a facility in Maryland.

35 2. If the total amount of credits applied for by all  
36 applicants for any calendar year for the purchase of Maryland–mined coal that will be

1 used in Maryland exceeds \$2,250,000, the Department shall approve a credit under  
2 this paragraph for each applicant in an amount equal to the product of multiplying the  
3 credit applied for by the applicant times a fraction:

4 A. the numerator of which is \$2,250,000; and

5 B. the denominator of which is the total of all credits  
6 applied for by all applicants under this paragraph for the calendar year for the  
7 purchase of Maryland–mined coal that will be used in Maryland.

8 (vii) On or before February 15 of the calendar year following the  
9 end of the calendar year in which the Maryland–mined coal was purchased, the  
10 Department shall certify to each applicant claiming a credit the amount of the tax  
11 credits approved by the Department for that applicant under this paragraph.]

12 8–408.

13 The Department shall:

14 (1) administer the laws that relate to the public service company  
15 franchise tax;

16 (2) adopt reasonable regulations to administer the provisions of laws  
17 that relate to the public service company franchise tax;

18 (3) design the returns and forms that, on completion, provide the  
19 information required for the administration of the public service company franchise  
20 tax laws;

21 (4) collect the public service company franchise tax revenue, including  
22 penalties and interest;

23 (5) pay that revenue into the General Fund of the State; and

24 (6) certify to the Comptroller that revenue.

25 [10–704.1.

26 (a) (1) In this section the following words have the meanings indicated.

27 (2) “Cogenerator” means a qualifying cogenerator or qualifying small  
28 power producer as determined by the Federal Energy Regulatory Commission under  
29 the Public Utility Regulatory Policies Act of 1978.

30 (3) “Electricity supplier” has the meaning stated in § 1–101 of the  
31 Public Utilities Article.

1 (b) This section does not apply to:

2 (1) a cogenerator or electricity supplier that is subject to the public  
3 service company franchise tax; or

4 (2) an electricity supplier that, before July 1, 1999, was not an electric  
5 company as defined in § 1–101 of the Public Utilities Article as in effect on June 30,  
6 1999, unless the electricity supplier is an affiliate of such an electric company.

7 (c) Subject to the limitations in § 8–406(b)(2) of this article, a cogenerator or  
8 electricity supplier may claim a credit against the State income tax in the amount of  
9 \$3 for each ton of Maryland–mined coal that the cogenerator or electricity supplier  
10 purchased in the taxable year.

11 (d) (1) A cogenerator or electricity supplier may only apply the credit  
12 against the State income tax for the taxable year in which the credit was earned.

13 (2) The amount of the credit may not exceed the State income tax for  
14 that taxable year.

15 (3) The total amount of credits approved under this section shall be  
16 subject to the limitations in § 8–406(b)(2)(iv), (v), and (vi) of this article.

17 (e) A cogenerator or electricity supplier shall submit an application in  
18 accordance with § 8–406(b)(2)(iii) of this article in order to claim the credit available  
19 under this section.]

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
21 July 1, 2011, and shall be applicable to all taxable years beginning after December 31,  
22 2010.